GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Industries and Commerce Department–Extension of certain incentives under Industrial Development Policy 2015-20 to M/s Apollo Tyres Limited to set up a Tyre Manufacturing Unit at Chinapanduru (V), Varadaiahpalem (M), Chittoor District – Orders-Issued.

INDUSTRIES &COMMERCE(POLICY&INVESTMENT) DEPARTMENT

G.O.MS.No. 45 Dated: 13-03-2017

Read the following:-

1. DPR Received from Sri.E.K.Seelan Moses, Head Projects, M/s Apollo Tyres Limited though email dated 24.11.2016.
2. Letter received from Mr. Anil Chopra, Group Head – Corporate Accounts through email dated 09.01.2017
3. Empowered Committee Meeting on 25.01.2017
4. State Investment Promotion Board Meeting on 25.01.2017.

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ORDER:-

In the letter first read above, M/s Apollo Tyres Limited informed that it intends to set up a Tyre Manufacturing Unit in Chittoor District with a proposed investment of Rs 4,025 Crore in 3 phases with a potential to create employment to 1,400 people including direct, indirect and outsourced employees. In the first phase, the proposed investment is Rs 525 Crore with a potential to create employment to 450 people.

2. The Company has requested for the following benefits:

(i) All benefits including cash grant on pollution control equipment such as ETP and STP and infrastructure may be provided as per existing policy.

(ii) 100% reimbursement of Stamp Duty Transfer duty, Mortgage duty

(iii) Provision of 24x7 uninterrupted power supply for full load of 40 MW

(iv) Request for grant of Statutory approvals within 15 days from the date of submission of application for Phase I and all subsequent phases of expansion with self-certification documents and no requirement to go back subsequently to individual govt. depts. for regularization of online e approval.

(v) Allotment of Land & Fixation of Land Cost: ATL requires a rectangular plot of 241 acres for own project and 25 acres for ancillary plants on free hold basis in ratio of10:7(lxw) on highway/near to highway with a good wide approach road at INR10 lakhs per acre.

(vi) The company has requested for building coverage to an extent of 70% of 266 acres plot.

(vii) Request for provision of Infrastructure like a minimum two lanes approach road and service road with adequate general lighting, general vehicle parking, drains, electricity, water, sewage etc. up to boundary of the site on standalone basis without any financial ceiling/limitation. Estimated cost of laying road to the site is Rs 2.2 Crores. Additionally, request for widening of 18 m road from proposed site to Tada junction for ease of movement of finished goods and raw material. Power connectivity to 132 KVA substation, existing in Cherivi Village which is about 3.5 KMs from the proposed site – Estimated cost of laying power infrastructure to the site is Rs 4 Crores. Apollo has requested for supply of 2,500KL/day water through pipeline with Total Dissolved Solids (TDS)less than 400 and permission to extract ground water to fulfill 100% of process requirement.

(viii) Reimbursement of power cost @ Rs.1.25 per unit for 7 years on grid power starting from one year after commencement of commercial production (in order to match cost of power generated from coal based

captive power plant) and exemption of all duties and taxes on captive generation. Provision of 24x7 uninterrupted power supply for full load of 40 MW from two dedicated feeders of 110 KV or above (one continuous and one standby).

(ix) Reimbursement of training cost of INR 90,000 per person for 450 manpower (6 months training cost).

(x) Additionally, the company requests for Rs 2 cr. subsidy on the investment for establishing the Training Centre.

(xi) Reimbursement of 100% of gross VAT/CST for a period of 30 years or up to realization of 150% of total cumulative investment over a period of 10 years. This shall include VAT on works contracts for 10 years payable on a quarterly basis. The company requests that if any of the existing taxes included in the investment promotion subsidy, get included/excluded in the GST then the protection of the incentive be provided irrespective of taxes getting realized by the Govt. from the project.

(xii) Request for reimbursement of 5% input tax on material consumed for a period of 30 years from date of commencement of production. The company requests that if any of the existing taxes included in the investment promotion subsidy, get included/excluded in the GST then the protection of the incentive be provided irrespective of taxes getting realized by the Govt. from the project.

(xiii) 100% reimbursement of land conversion charges from Agriculture to Industrial use.

(xiv) All benefits and grants provided to them to be extended to ancillary units inside the same premises, unconditionally and without any

limitation including supply of uninterrupted power at appropriate voltage from two independent source s and uninterrupted supply of water.

(xv) Capital Subsidy on pollution control equipment such as ETP and STP and infrastructure to be provided as per existing policy.

(xvi) Protection of incentive from changes in current Foreign Trade Policy (EPCGetc.), which impact the landed purchase price of the new equipment and related spares to be provided to the project.

(xvii) Preferential rates and special facilities for usage of Krishnapatnam port for import and export of goods.

(xviii) Other support sought by Company

(a) Removal / Diversion of 11/22 KV electricity line passing through the site

(b) Directions to the concerned department for straightening/realigning the TGP branch canal passing through the plot

(c) Direction to APIIC for extension of 850 m long and 18 m approach road connecting Tada junction to Chinnapanduru bypass and connected to southern periphery of ATL

(d) Directions to concerned department for widening of narrow stretches of connecting road between site and Tada junction for movement of trucks and construction materials

(e) Directions to concerned department for using bore well water up to 500 M3/day as backup for constriction activity, and laying of pipeline to supply 300 M3/day for construction work and social use of construction personnel

(f) Allotment of 60 acres of land additional land (between north side boundary and reserve forest)

3. In the reference second read above, the Empowered Committee of Secretaries (EC) has examined the proposal of M/s Apollo Tyres Limited, in detail and recommended to extend the following incentives:

(a) EC noted that Government accorded permission to APIIC vide G.O.Ms.No.175, dated 13.12.2016 for allotment of land to extent of 200 acs at Chinapanduru (V), Varadaiahpalem (M) in Chittoor District in favour of M/s. Apollo Tyres Limited for setting up of the proposed manufacturing plant at the rate of Rs.11 Lakhs per Acre.

(b) The incentive proposal was discussed in detail and the EC decided to recommend the following incentives for M/s Apollo Tyres Limited

(i) Reimbursement of 100 % net VAT/CST/SGST for a period of (20) years from the date of commencement of commercial production or upto realization of 50% fixed capital investment, whichever is earlier.

(ii) Power cost Reimbursement @ Rs 1.00 per unit for 7 years, as being located in the backward district

(iii) Irrigation Department agreed to sanction requisite water from the Telugu Ganga project and also agreed to permit the Company to extract ground water during construction period.

(iv) Industries Department to facilitate with the local authority to consider the building coverage to the extent of 70% of the 266 acres plot.

(v) 100% Reimbursement of the following external Infrastructure cost or the actual, whichever is less based on precedence.

  (i) Estimated cost of laying approach road to the site is Rs 2.2 Crores.
  (ii) Additionally, request for widening of 18 m road from proposed site to Tada junction for ease of movement of finished goods and raw material.
  (iii) Power connectivity to 132 KVA substation, existing in Cherivi Village which is about 3.5 KMs from the proposed site – Estimated cost of laying power infrastructure to the site is Rs 4 Crores.
  (iv) Supply of 2,500KL/day water through pipeline with TDS less than 400 – Estimated cost Rs.1.00 Cr

(vi) A subsidy of Rs.2.00 Cr for in house training centre, as the Nellore is going to a Automotive Hub and the training centre would help the locals to get the required skill sets.

(vii) Training cost reimbursement @ Rs.10,000/- per person.

(viii) Reimbursement of Land Conversion charges as per precedence.

(ix) To place the issue of extending the same benefit to ancillaries as that of Mother Plant before SIPB for decision.

(x) Reimbursement of 50% cost incurred towards capital expenditure, with components for green measures as defined in Industrial Development Policy 2015-20., with a ceiling of Rs.50 crores

(xi) Industries Department to provide necessary budget from IIDF for Removal / Diversion of 11/22 KV electricity line passing through the site.

(xii) With regard to realigning the TGP canal, the Irrigation department informed that they will examine the proposal and take necessary action on

4. In the reference 3rd read above, the State Investment Promotion Board(SIPB) has examined the proposal of M/s Apollo Tyres Limited, in detail and decided to extend the following incentives:

(a) SIPB noted that Government accorded permission to APIIC vide G.O.Ms.No.175, dated 13.12.2016 for allotment of land to extent of 200

acs at Chinapanduru (V), Varadaiahpalem (M) in Chittoor District in favour of M/s. Apollo Tyres Limited for setting up of the proposed

manufacturing plant at the rate of Rs.11 Lakhs per Acre with an investment of Rs.525.00 Crores (in Phase- 1), generating employment of 450 members.

(b) After detailed discussions, it has been decided to extend the following incentives to M/s Apollo Tyres Limited.

(i) Reimbursement of 100 % net VAT/CST/SGST for a period of twenty (20) years from the date of commencement of commercial production or upto realization of 50% of fixed capital investment, whichever is earlier.

(ii) Power cost Reimbursement @ Rs 1.00 per unit for seven (07) years from the date of commencement of commercial production, as the unit being located in the backward district.

(iii) Irrigation Department agreed to guarantee perennial supply of 2500 KL per day water before start of commercial production from the Telugu Ganga project and also agreed to permit the Company to extract ground water during construction period and as a backup thereafter.

(iv) Industries Department to facilitate with the local authority to consider the building coverage to the extent of 70% of the allotted plot area.

(v) 100% Reimbursement of the following external Infrastructure cost or the actual, whichever is less

(a) Estimated cost of laying approach road (18 m wide) to the site is Rs 2.2 Crores.

(b) Power connectivity to 132 KVA substation, existing in Cherivi Village which is about 3.5 KMs from the proposed site – Estimated cost of laying power infrastructure with two (02) independent feeders to the site is Rs 4 Crores.

(c) Supply of 2,500KL/day water through pipeline with TDS less than 400 – Estimated cost Rs.1.00 Cr.

(vi) A subsidy of Rs.2.00 Cr for in house training centre, to train employees to get the required skill sets.

(vii) Un-interrupted 24 hours x 7 days power supply will be ensured.

(viii) Training cost reimbursement @ Rs.10,000/- per person

(ix) Reimbursement of Land Conversion charges

(x) Subject to fulfilling ancillary criteria as per Automobile Policy, the Ancillary units will be extended the same benefits as that of Mother Plant with the approval of SIPB as and when such a proposal is received.

(xi) Reimbursement of 50% cost incurred towards capital expenditure, with components for green measures as defined in Industrial Development Policy 2015-20., with a ceiling of Rs.50 crores

(xii) Industries Department to provide necessary budget from IIDF for Removal / Diversion of 11/22 KV electricity line passing through the site.

(xiii) With regard to realigning the TGP canal, the Irrigation department informed that they will examine the proposal and take necessary action

(xiv) Online approvals shall be provided within fifteen (15) days under single window policy from the date of submission of application for this and all subsequent phases without any requirement of approaching different departments individually.

(xv) All other benefits as per IDP Policy 2015-20.

5. The Government after careful consideration of the recommendations of the State Investment Promotion Board hereby extend the following incentives to M/s Apollo Tyres Limited for their proposed 1st phase of Tyre manufacturing facility in Chittoor District with an investment of Rs 525 Crore with a potential to create employment to 450 people:

(i) Reimbursement of 100 % net VAT/CST/SGST for a period of twenty (20) years from the date of commencement of commercial production or upto realization of 50% of fixed capital investment, whichever is earlier.

(ii) Power cost Reimbursement @ Rs 1.00 per unit for seven (07) years from the date of commencement of commercial production, as the unit being located in the backward district.

(iii) Irrigation Department agreed to guarantee perennial supply of 2500 KL per day water before start of commercial production from the Telugu Ganga project and also agreed to permit the Company to extract ground water

during construction period and as a backup thereafter.

(iv) Industries Department to facilitate with the local authority to consider the building coverage to the extent of 70% of the allotted plot area.

(v) 100% Reimbursement of the following external Infrastructure cost or the actual, whichever is less

(a) Estimated cost of laying approach road (18 m wide) to the site is Rs 2.2 Crores.

(b) Power connectivity to 132 KVA substation, existing in Cherivi Village which is about 3.5 KMs from the proposed site – Estimated cost of laying power infrastructure with two (02) independent feeders to the site is Rs 4 Crores

(c) Supply of 2,500KL/day water through pipeline with TDS less than 400 – Estimated cost Rs.1.00 Cr.

(vi) A subsidy of Rs.2.00 Cr for in house training centre, to train employees to get the required skill sets.

(vii) Un-interrupted 24 hours x 7 days power supply will be ensured.

(viii) Training cost reimbursement @ Rs.10,000/- per person

(ix) Reimbursement of Land Conversion charges

(x) Subject to fulfilling ancillary criteria as per Automobile Policy, the Ancillary units will be extended the same benefits as that of Mother Plant with the approval of SIPB as and when such a proposal is received.

(xi) Reimbursement of 50% cost incurred towards capital expenditure, with components for green measures as defined in Industrial Development Policy 2015-20., with a ceiling of Rs.50 crores

(xii) Industries Department to provide necessary budget from IIDF for Removal / Diversion of 11/22 KV electricity line passing through the site.

(xiii) With regard to realigning the TGP canal, the Irrigation department informed that they will examine the proposal and take necessary action

(xiv) Online approvals shall be provided within fifteen (15) days under single window policy from the date of submission of application for this and all subsequent phases without any requirement of approaching different departments individually.

(xv) All other benefits as per IDP Policy 2015-20.

6. The Director of Industries, Andhra Pradesh, Vijayawada shall take necessary action, accordingly and intimate the status of the progress of work done by the unit from time to time to the Government.

(BY ORDER AND IN THE NAME OF THE GOVERNER OF ANDHRAPRADESH)

SOLOMON AROKIARAJ
SECRETARY TO GOVERNMENT &
COMMISSIONER FOR INDUSTRIAL PROMOTION

To
The Director of Industries, Andhra Pradesh, Hyderabad.
M/s Apollo Tyres Limited through the Director of Industries, Andhra Pradesh.
The PR& RD (PR) Department.
The MA& UD Department.
The H.M.& F.W. Department.
The Collector& District Magistrate, Chittoor District.
The VC&MD,APIIC Ltd.
The General Manager, District Industries Centre, Chittoor District.
The Zonal Manager,APIIC, Chittoor.
Copy to
The Finance (EBS-VIII)Department.
The Revenue (CT) Department.
The Revenue (Registration) Department.
The Law(H) Department.
The Accountant General, Andhra Pradesh
The Commissioner of Commercial Taxes
The Vice Chairman & Managing Director, APIIC.
P.S. to Secretaryto Chief Minister
P.S. to Chief Secretaryto Government
P.S. to Secretary to Government & CIP, Industries & Commerce Dept.
SC/SF.

//FORWARDED::BY ORDER//

SECTION OFFICER